

**« NOUVEAUX COMPORTEMENTS, NOUVELLE GRH ? »**  
XXI<sup>ème</sup> CONGRES AGRH - DU 17 AU 19 NOVEMBRE 2010  
RENNES / SAINT-MALO



**Compromising on Downsizing : Redeployment and/or Severance Pay.  
A Qualitative Comparative Analysis of French Cases**

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Résumé : Cette contribution examine les facteurs qui déterminent la nature du compromis social relatif aux opérations de restructuration dans le contexte français. Dans quelle mesure les plans sociaux conduisent-ils à des indemnités supra-conventionnelles et/ou à des mesures de reclassement, ou bien à ni l'un ni l'autre ?

Pour explorer ces conditions qui déterminent la nature du compromis social autour des opérations de restructuration, nous mobilisons la méthode QCA (Qualitative Comparative Analysis, Ragin, 2007), qui permet d'analyser de façon systématique un ensemble d'étude de cas et d'étudier la ou les possibles combinaisons de conditions qui conduisent à un résultat spécifique.

Concernant les variables qui conduisent à des indemnités supra-conventionnelles (*ie* un montant d'indemnité supérieur au montant minimum fixé par le cadre législatif), l'analyse QCA permet de faire émerger une combinaison de trois conditions respectivement relatives à la faible employabilité des salariés licenciés, à la présence de syndicats actifs et à la nature « numérique » (Cameron, 1994) de l'opération de restructuration. Cette combinaison apparaît comme nécessaire et suffisante pour aboutir à un montant d'indemnité supra-conventionnel. Pour ce qui est de la QCA appliquée à la détermination des variables qui favorisent l'existence d'un effort supra conventionnel de reclassement, elle fait ressortir une seule condition nécessaire qui est relative à l'existence de relations sociales de nature coopérative entre Direction et représentant des salariés.

Mots clefs : analyse comparative qualitative, *downsizing*, restructurations, reclassement, indemnités de départ

## **INTRODUCTION :**

The decision to downsize a company is a twofold process. It starts with the identification of a need to restructure the organization, whether this comes from a decline in corporate activities or from the desire to make the organization more efficient. Then a method to make redundancies as acceptable as possible must be chosen. Downsizing processes always include such a social compromise between organizational and individual needs.

Over the last 20 years, a wide set of academic research has demonstrated how useful a social compromise can be for firms. It can minimize the hidden costs of the operation in the short term and mobilize survivors of downsizing for a renewed strategy (Cameron *et al.*, 1991; Brockner *et al.*, 2004). A social compromise also benefits workers, insofar as it focuses energies on grieving and solving unemployment problems as soon as possible (Leana and Feldman, 1995).

The content of social compromises can vary, depending on national labor legislation and industrial relations systems, and local culture. For example, in Anglo-Saxon contexts, where the employment-at-will principle prevails, negotiated solutions on an individual basis may be preferred as a fair deal (Radin and Werhane, 2003). Conversely, Scandinavian contexts seem to favor solutions based on the collective redeployment of the labor force through active labor market policies conceived at a level outside the strict limits of the company, such as branch level (Bergström and Storrie, 2003).

Between these two extremes, France has developed a specific way to deal with the problems associated with restructuring, based on the application of strict and universal labor laws. French firms are mostly organised as large internal labor markets favouring long-term employment (Piore, 1978). Collective redundancies must proceed following a formalized

process through which employers must first demonstrate a “real and serious cause”, related to economic difficulties, and then propose a social plan aimed at reducing the risk of unemployment through internal mobility, training and outplacement services. It is a matter of repairing prejudice by easing transitions from one internal labor market to another. Recently, because restructuring turned into a permanent phenomenon, the law evolved and established a regular dialogue about HR planning with large companies, including discussion of the economic situation of the firm and the transition path for employees. Some considered this legal evolution as a move toward a less confrontational way of managing downsizing in France. Social dialogue and anticipation were viewed as sufficient conditions to promote “the cause of employment” (Garaudel *et al.*, 2008).

On paper, this procedure seems an efficient and rational way of preparing workers for redundancy. But its application comes up against French social relations (Petrovski *et al.*, 2008). First, it is a consultation procedure and not a negotiation; there is no need to come to an agreement to benefit from the outplacement measures. Second, the procedure is so complex and tricky that legal proceedings can hardly be avoided if unions want to delay the operation. Third, French union organizations are not unified and generally compete with each other, resulting in lack of unity among management interlocutors. Fourth, the social plan is a best endeavour rather than a performance obligation; outplacement must be financed, but need not necessarily succeed, and figures show that the performance of outplacement programmes is weak. Fifth, public employment services also provide free (and compulsory) assistance to unemployed workers.

Although the norms tend to promote peaceful social relations and focus on redeployment, French commentators have signalled a shift in workers’ attitudes and strategies. They tend to exploit the complexity of the procedure to bargain for—one might even say extort—money from employers far in excess of conventional severance pay levels,

even though redeployment services are guaranteed by law. Such a trend may reveal lack of confidence in the efficiency of redeployment schemes or underestimation of the difficulties of coping with job loss alone. High severance pay is also a very effective federative appeal to rally workers in collective action. Inversely, on the employers' side, indemnification is also an easy way to pacify the workplace. It is less time-consuming and more failsafe than orchestrating redeployment. As a result, social partners may compromise unconventional severance pay and keep redeployment endeavour at the minimum legal standard. This is a way of bargaining the long term for the short term.

The purpose of this paper is *not* to discuss which compromise is more appropriate. Rather, we try to investigate the conditions that determine the path followed by social relations through downsizing processes and the nature of the final social compromise. ***To what extent can downsizing drive supra-conventional packages and/or redeployment services, or none? What are the antecedents of the social compromise?***

As mentioned above, the economic, financial and social consequences of downsizing have been well documented for a couple of decades (Brockner *et al.*, 2004; DeMeuse *et al.*, 2004; Allouche *et al.*, 2008) and best practices have largely been identified (Cameron *et al.*, 1991). But still, little is known about the processes and social interactions induced by downsizing. To explore the processes, it is commonly accepted that researchers have to abandon large sample quantitative studies for qualitative analysis and case studies.

We had the opportunity to participate for five years in different research contracts that gave access to 10 firms, resulting in 10 in-depth case studies. This unique material can now be gathered to establish comparisons between cases. To perform this, we used the qualitative comparative analysis method (QCA) primarily developed by Ragin (1987) and recently introduced into the field of research in management (for a review, see Chanson *et al.*, 2005). This method is of great help when identifying regularities inside a body of qualitative data

without reducing the richness of the initial information too much, and without significant samples. In an exploratory research process, QCA appears to be the richest way to synthesize our medium-sized sample of downsizing operations. Indeed, it offers a rigorous comparative method to discuss many cases simultaneously and to find regularities where classic narrative discussion would have given room for authors' subjectivity. QCA is an intermediary methodological device between qualitative and quantitative research.

This paper aims at understanding the path driving unique social compromise in regard to the way redundancies were managed in these 10 cases. Among complex intertwining of variables, we systematically try to identify the antecedents of the nature of a compromise based on high severance pay and/or redeployment packages. We show the importance of the nature of the social dialogue, previous human resource management practices and the nature of the organizational change at stake. To present these results we develop successively the research question and the method (section 1), and detail the way we codify it into variables allowing case comparison (section 2). We then show how the method is developed in application (section 3) and end with a discussion of our results (section 4).

## **I : USE OF QCA METHOD: DATA COLLECTION**

The use of QCA, developed and promoted by Charles Ragin (1987) in the late 1980s, is consistent with our purpose of investigating the possible combination(s) of conditions that determine a specific outcome. The QCA method has been increasingly used in recent years in the field of management studies to examine complex relationships and regularities among analytic variables (Chanson *et al.*, 2005; Coverdill and Finlay, 1995; Curchod, 2003; Fiss, 2007; Greckhamer *et al.*, 2008; Kogut and Ragin, 2006; Marx and van Hootegem, 2007; Stevenson and Greenberg, 2000), although only infrequently in the field of HR management (for an exception, see Coverdill and Finlay, 1995). Unlike quantitative (variable-oriented)

techniques, QCA is not interested in identifying straightforward causality between independent variables and a dependent variable. Instead, it is focused on exploring causal complexity and examines the specificity of settings, in which particular attributes combine in a certain way to produce a predefined outcome of interest. Like qualitative (case-oriented) approaches, QCA postulates that organizational phenomena are multifaceted and context-specific. QCA unfolds in a series of steps (Kogut and Ragin, 2006): a pre-QCA phase, where the selection of case studies is elaborated and a set of relevant attributes is identified; the transformation of cases into simplistic combinations of attributes reduced to dichotomous variables; the analysis of the distribution of cases across this “property space”; the identification and simplification of causal conditions through a Boolean logic; and, finally, the analysis and discussion of these results.

As Ragin (1987) and Rihoux (2003) underline, QCA is an appropriate method to analyze systematically a limited number of cases, and is best suited for small-N situations where N comprises between 10 and 50 cases. The case studies were conducted in France between 2005 and 2009, in different contexts but using the same methodological foundations. In a second step, variables were elaborated.

The initial case studies (Adda, Assurancia, Autocomp, Phone) were conducted within a European action-research program (MIRE—Monitoring Innovative Restructuring in Europe, conducted by F. Bruggeman of Syndex<sup>1</sup>) dedicated to the analysis of “innovative practices” in the field of restructuring social regulation. In this context, four of us were in charge of operating case studies that were discussed, in a second step, with managerial, employee and administrative representatives. A second study (Sock) was conducted in the context of a French Ministry of Labor research programme on the evaluation of redundancy

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<sup>1</sup> [www.mire-restructuring.eu](http://www.mire-restructuring.eu)

plans. A third round (Line, Mecca) was conducted in the context of an action-research contract intended to evaluate a multi-actor programme in the north of France concerned with helping SMEs to prepare themselves for restructuring issues. A fourth round (Leisura, CombiSys) was conducted in the context of doctoral work by one of the authors and focused on negotiation processes within downsizing implementation. The last case (Household) was conducted in the context of an action-research demand from a union organization to understand the construction of industrial action against downsizing practices.

<b>Year</b>	<b>Title of the case</b>	<b>Context of conducting the case study</b>	<b>Sector</b>	<b>Number of employees (plant/group)</b>
2005–6	Adda, Assurancia, Autocomp, Phone	Monitoring Innovative Restructuring in Europe—European Commission	Textile Insurance Car Manufacturing Telecommunications	200 400 / 700 /
2004–5	Sock	French Ministry of Labor—evaluation of social plans	Textile	200 /
2008–9	Line, Mecca	Regional Agency for Improving Working Conditions—north of France—evaluation of a program dedicated to SMEs	Agriculture Mechanical maintenance	80 53
2008–9	Leisura, CombiSys	Doctoral work—negotiation processes in downsizing practices	Retail Manufacturing	8 000 6 000
2009	Household	Union organization—industrial actions against a closure	Electrical goods	250 /

Most of these cases were identified within the framework of collective research programmes set up to answer public or private orders. Some of them (Adda, Assurancia, Autocomp, Phone, Sock) were initially selected because they were evaluated by the actors in the field (employers and employees’ representatives, experts and administration) as “innovative”, both in terms of the bargaining process and in terms of the results obtained (redeployment in particular). Other cases (Mecca for example) were chosen as relevant because of their negative results in terms of redeployment and/or severance pay.

Event though the 10 cases cannot be considered as representative of the redundancy plans conducted in France during the 2000s, the sample includes a diversity in terms of firm size (from medium-sized to large multinational companies), sector (industry and services), location (rural and urban implantations), type of redundant manpower (blue- and white-collar employees), and the economic and financial contexts of the downsizing firms (crisis situation or not). More detail is provided in the case presentation in the Appendix (below).

An in-depth analysis was performed for all the case studies, thanks to our access to diverse information concerning the history of the firm, the downsizing decision, human resources management practices, the implementation process of the decision and its outputs. A similar methodology was implemented to collect the data destined to formalize the studies. Each case study rested on the identification of relevant actors: on the one hand, it initially appeared essential for us to meet typical actors (group management and local management representatives, union representatives, joint committee experts, administrative actors and elected local representatives); on the other hand, during these first exchanges, interlocutors were requested to direct the researchers towards other actors whom they thought we would be interested to meet.

Semi-directive interviews were carried out with the help of interview grids. Actors were encouraged to talk in particular about the history of the company, the restructuring decision and its announcement, the actors in presence and the progress of the implementation of the decision. These data were triangulated with local and national press reviews, works council minutes, and expert reports submitted to works councils. All these data then underwent thematic content analysis. A per category grid of analysis (per theme and sub-theme) was elaborated from pre-identified subjects. Each case study was then submitted to the principals, prompting discussion of the analyses.



Ultimately, as recommended by Greckhamer and al. (2008), we can consider that these cases constitute a population of relevant cases on downsizing implementation practices in France during the first decade of the 21<sup>st</sup> century. Furthermore, the degree of familiarity we had with each case allowed us to conduct the iterative and creative process inherent to the QCA method through a permanent dialogue between variables and case studies (Rihoux, 2003), as illustrated below.

## **II - IDENTIFYING THE RELEVANT ATTRIBUTES**

One preliminary function of QCA consists of specifying the outcome of interest as well as identifying the key attributes (or conditions) that could account for the presence of the specified result of interest. In a second step, each case attribute is reduced to a dichotomous variable (“Yes” for membership of the case in the “set”, or “No” for non-membership of the case in the “set”). The choice of conditions can be either empirically or theoretically informed. In our case, variables were identified based on the deep substantive knowledge we gained from the cases.

We first built upon the substantive knowledge and understanding we accumulated of within-case complexity to select inductively the conditions deemed relevant for the shaping of the social compromise. Considering the case studies together, we looked for explanations of the results of the downsizing implementation, in terms of social compromise construction. Before working more precisely on the choice of attributes, our project was to try to articulate three sets of characteristics: HRM, industrial relations and downsizing decision.

Following the recommendation of Chanson et al. (2005), and for reasons of transparency, we avoided selecting macro-variables constructed on the basis of a plurality of

variables.<sup>2</sup> At the same time, we tried to preserve the complexity of the factors identified in the case studies. Following the recommendation of Ragin (1987) we looked for attributes that could be reduced to binary sets. This led us to abandon theoretical constructs composed by two or more dimensions. Meanwhile, because of the exploratory nature of our topic, the literature is scarce, not to say non-existent, when it comes to understanding the shaping of social compromises agreed upon in the context of a restructuring plan. We identified four conditions and two predefined outcomes.

### **II.1. Specification of the predefined outcomes: redeployment and severance pay**

The recent wave of restructuring decisions in Europe, and especially in France, rekindled the debate on negotiated downsizing outcomes, since in many cases, employees unexpectedly bargained for receiving severance pay rather than benefiting from redeployment measures. In the French legal framework, however, social plans (PSE, *Plan de Sauvegarde de l'Emploi*) compulsorily include devices aiming at facilitating outplacement or redeployment. They usually include the implementation of an outplacement cell: a recent study, based on a statistical analysis of 270 plans achieved by French companies in 2002–4, concludes that almost all the plans comprised an outplacement cell, even if only a minority of employees finally found a stable job (Bobbio, 2006). Surprisingly enough, the academic and managerial literature devotes little attention to understanding (or explaining) the individual and collective processes that lead to severance pay or redeployment packages, whereas the contribution of severance pay to employment and joblessness has been much documented by the economic literature, following Lazear's model (Lazear, 1990; Addison and Teixeira, 2005). Yet, it can be argued that some contextual factors, both external and internal, may have an influence on

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<sup>2</sup> For example, this led us to reject the HRM typology developed by Pichault and Nizet (2000) and used by Pichault and Schoenaers (2003) studying change management, the contextualist perspective of which offers an analytical framework of the temporary compromises between actors on HRM matters in an organization.

those processes: the social organisational climate, the specificity/rarity of skills, employees' employability, HRM practices, the financial health of the company, the type of industrial relations, the compensation policy (above or below the market), the type of downsizing strategy, etc. Iverson and Zatzick (2007) even try to link high-commitment work practices (HCWP) to layoffs or downsizing. HCWP refer to all those work practices that supposedly lead to higher commitment, involvement, empowerment and, finally, higher performance in organizations (Pfeffer, 1995; Becker and Huselid, 1998). In their empirical study, Iverson and Zatzick (2007) confirm Ostermann's (2000) earlier results, concluding that HCWP are positively related to workforce reduction, but they also underline that workplaces with more HCWP use gentler strategies or, in other words, "more employee-friendly approaches to downsizing" (i.e. natural attrition, voluntary layoffs, early retirement, redeployment, and so on) to smooth the usual negative effects of downsizing (Iverson and Zatzick, 2007).

The social compromise involved in a restructuring process also raises the question of how responsibilities are shared out between the different actors (employers, employees, local and national public authorities, etc.), which is tightly dependent on the legal framework in use in each country (Reynès and Vicens, 2005) and on specific collective agreements, if any. The existence or otherwise of above-mandatory packages is selected as the criterion for assessing outcome variables, in terms of redeployment and/or severance pay. While we acknowledge that the social compromise can be the outcome of a collective bargaining process, as well as part of management propositions or the expression of employees' expectations (and those of their representatives), our study concentrates on the nature of the social compromise and does not take those diverse processes into account. As a result, we distinguish between two types of situation: cases where the agreed-upon social compromise includes an above-mandatory level of redeployment and the cases where the agreed-upon social compromise includes an above-mandatory level of severance pay. In fact, some cases can be qualified as "positive

cases” (Ragin, 2004), insofar as the outcome in terms of redeployment and/or severance pay is above the legal constraints ( $Y$  and/or  $Z = 1$ ), and others can be qualified as “negative cases” ( $Y$  and/or  $Z = 0$ ).

## **II.2. Detailing the relevant conditions: employability, industrial relations and downsizing type**

As mentioned above, the initial idea, coming from our empirical knowledge of the case studies, was to try to articulate three sets of characteristics (HRM, industrial relations and downsizing decision): to what extent the type of human resources, the type of industrial relations and the type of downsizing decision have an influence on the type of social compromise in case of downsizing situation (above-mandatory level of redeployment and/or above-mandatory level of severance pay)? Those three sets of characteristics have been approached through three specific binary variables that are developed below.

### **II.2.1. Employability**

Employability, i.e. the likelihood of finding another comparable job after being made redundant (Gazier, 1999), as a means to specify the type of human resources, may be an important antecedent of the social compromise we are trying to explain.

First, we would argue that the more employable workers are the easier the transition and the lower the prejudice concerning redundancy. Employability may impact the overall generosity of the social plan. The question of the division of responsibility in maintaining employability is currently raised during negotiation. Employability can result from an evolution of the labor market. For example, a decline of the overall industry or technology, and skills shifts may hinder transitions. But employability can also be sidelined by certain HR policies that tend to isolate workers from the labor market so that transitions are blocked. This is the case, for example, when training aims at developing specific skills instead of

transferable skills, or when working conditions and wages are set at such a level that no comparable position can be found elsewhere. Internal labor markets, which are highly developed in France (Piore, 1978), can trap workers inside their position.

Second, we argue that employability determines workers' and employers' preferences for severance pay or redeployment. The more workers are employable, the more redeployment packages are credible for workers and affordable for employers. Conversely, workers with low employability may consider that lay-off will result in unemployment or under-qualified positions that may justify indemnification instead of hazardous and expensive redeployment. The prior existence of formalized training processes, documented appraisal system or skills standards of references are possible prerequisites to the implementation of redeployment techniques.

### **II.2.2. Industrial relations: active unions and cooperative relations**

Insofar as downsizing-related social packages most often result from a negotiation process between management and employees' representatives, the industrial relations context appears an obvious dimension to be taken into account for explaining the specific features of social plans. The specification of our condition variable pertaining to industrial relations can be drawn from the work of Kitay and Marchington (1996). These authors highlight three broad dimensions of industrial relations: management strategy, employee organization and the character of employee-management interaction. Within the framework of our study, however, only the latter two to be really useful and relevant. We therefore decided not to introduce the management strategy<sup>3</sup> into the QCA and to focus on employee and interaction dimensions.

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<sup>3</sup> In Kitay and Marchington's typology, the management dimension is based on the notion of management strategy used by McLoughlin and Gourlay (1992) and is categorized into proactive and reactive (workplace industrial relations-related) management strategy.

In Kitay and Marchington's typology, the employee-organization dimension is differentiated (following Callus, Morehead, Cully and Buchanan, 1991) into non-union, inactive union and active union categories. Yet, in industrial relations terms, the non-union category can be considered an extreme case of the inactive union situation. Moreover, in the French industrial context, the non-union category may not seem relevant. Indeed, one or several unions are present in virtually all companies of a certain size in France. Therefore, it may be argued that in France a more relevant question may be whether union representation constitutes a truly influential force in a company or not. This is why, as we explain more closely later, our own analysis focused on the existence or otherwise of union action.

As for the employee-management interaction dimension, this is also characterized as a continuum and can be dichotomized into cooperative and adversarial. The cooperative end of the continuum refers to workplaces where relations between employees and management tend to be harmonious, based upon perceived coalescence of interests and potential partnership at work. Cooperative situations are generally based on a high level of trust between management and employees. In contrast, in adversarial interactions, there is a low level of trust between unions and employers and both parties are scared of dropping their defences for fear that the opponent will take advantage of the situation (Walton and McKersie, 1965).

One can assume that, in the presence of active unions, employees could expect to be in a better position to demand and obtain a relatively satisfying social package. In other words, active unions should lead to better outcomes for employees. But it is *a priori* difficult to know to what extent active unions will be linked to one specific kind of social package component (severance pay and/or redeployment) rather than another.

As for the labor-management interaction variable, it might be expected that adversarial labor-management relations are detrimental to the shaping of a social compromise emphasizing redeployment. In terms of redeployment schemes, management is better able to

commit itself to the amount of means mobilized rather than to the final outcome reached. Moreover, the implementation of redeployment schemes often requires the involvement of both management and unions after an agreement has been signed. Hence a certain level of trust is required between management and representatives collectively to devise and implement a redeployment programme.

### **II.2.3. Downsizing type**

Extensive literature is devoted to typifying different kinds of downsizing strategy, pointing out that the effects of downsizing strategies mainly depend on both their context and content. Among the different typologies on downsizing that have been suggested in the literature for two decades, Cameron's proposition is probably one of the most famous. In the early 1990s, on the basis of interviews with top managers and questionnaires to white-collar workers in 30 American organizations, Cameron (1994) depicted three main types of downsizing strategy: work force reduction (or numeric downsizing); work/organization redesign; and systemic strategies. While the first of these consists mainly of reducing headcount in the short-term, the two others aim primarily at reducing work and changing organizations in the mid-term (instead of or in addition to reducing the number of employees), or even changing the organizational culture as a whole (downsizing then becomes a continuous, long-term improvement process).

Based on Cameron's work, we decided to distinguish between mere numeric downsizing and more sophisticated and longer-term downsizing strategies, assuming that both strategies share neither the same kind of motives and rationales, nor the same kind of economic, individual and organizational effects. More precisely, in terms of the resulting social compromise, it can be argued that, on the one hand, when numeric downsizing is a reaction against a drastically falling market, redeployment within the company and outplacement are difficult to achieve, since competitors are probably facing the same kind of

dramatic economic issues. On the other hand, when numeric downsizing strategy is in line with a more global financial strategy, aiming at cutting down on the total wage-bill, internal redeployment is undoubtedly rejected as an irrelevant choice. Besides, such a strategy, if not easily justified by a poor economic context, lacks of legitimacy and often leads to adversarial or conflictual relations, hence encouraging dismissed employees and their representatives to negotiate for severance pay.

In brief, we identified four variables that may impact the nature of the social compromise: workforce employability, presence of active unions, propensity of social partners to cooperate and type of downsizing. These variables can combine with each other to make social compromise based on redeployment and/or severance pay in such a way that one variable may have a different impact, depending on the status of the others. QCA aims to explore these combinations. Additionally, some variables were mentioned as having possible effects on both redeployment and indemnification. Therefore, both measures are neither mutually exclusive nor logical substitutes for each other. As evidenced in the raw data matrix (see Table 1), two of our cases ended with high severance pay combined with high redeployment policies and two other cases with neither. Instead of trying to find out *why* social compromise is based on redeployment instead of indemnification (or vice versa), we explored separately *the conditions* driving redeployment and the conditions leading to indemnification. This process issued in two parallel QCAs based on the same 10-case sample.

### **III. QUALITATIVE COMPARATIVE ANALYSIS IN APPLICATION**

#### **III.1. Elaboration of the raw data matrix**

QCA is a holistic approach in the sense that it assimilates complex cases to patterns of causal conditions exhibited by the case. Once the cases and attributes have been identified in a pre-



QCA phase, applying QCA consists of transforming complex cases into simplistic combinations of elements. For each case, contextual conditions are reduced to dichotomous values (“Yes” the presence of the attribute, “No” the absence of the attribute). To obtain this result, we undertook a systematic cross-case analysis based on a qualitative judgment and engaged in a productive discussion for every given attribute, to determine which pattern of membership/non-membership the cases exhibit. For instance, for each specific case, the variable pertaining to the attribute “active union” was coded based on the knowledge we gained about the union’s context. The variable scored “Yes” whenever we could report the existence of well-structured, organized unions, “No” whenever unions were absent or unable to organize for collective actions. In the same way, we had frequent discussions about the qualification of “downsizing type”. For example, we finally decided Phone, a case about the closure of a plant, wasn’t a numeric downsizing because the decision was included in the broader “fables strategy” of the group, corresponding to a strategic downsizing. Hence, consistent with Coverdill and Finlay (1995), we coded the variables without ignoring evidence, but “*on the basis of an overall sense of the case*” (p. 463), rather than on a systematic examination of interview abstracts. The output of the codification process is a “raw data matrix” listing the cases (rows) and conditions (columns). In our case, we end up with the raw data matrix presented below (see Table 1).

We had also discussions about the appropriate moment to qualify the variables in the downsizing process of the cases, and also about the appropriate level of analysis (establishment, company and group). In fact, it is difficult to determine the beginning and end of a downsizing process (Gandolfi, 2004) and furthermore, the (economic or social) situation may change between one step and another. For that reason we decided first to qualify the three sets of attributes (employability, industrial relations and downsizing type) at the moment the downsizing plan was announced by the employer’s representatives. Second, qualification

of the decision and industrial relations can differ from one area to another in the same company. For that reason, we decided to qualify the nature of industrial relations at establishment level (where the compromise is made) and the nature of the downsizing decision at group level (where the decision is made). Furthermore, we decided to qualify the employability of the manpower considering only the people made redundant through the downsizing plan. For example, we evaluated as employable employees of Mecca made redundant because of their qualifications and the conditions in the local labor market for people with their qualifications, which might not have been the case for all the employees of this company. In practical terms, the workers' employability was evaluated in consideration of their overall level of education but also in regard with the general trend of the industry and of the local labour markets in which they operate. Employees evolving in a declining industry and/or in a depressed industrial area, for example, can be considered as less employable than employees operating in a booming industry and in a thriving local labour market.

**Table 1: Raw data matrix – 10 cases of downsizing**

Case n°	Case name	Employability	Active union	Cooperative relations	Numeric downsizing	Redeployment	Sev. pay
		A	B	C	D	Y	Z
1	Phone	Yes	Yes	Yes	No	Yes	No
2	Assurancia	Yes	Yes	Yes	No	Yes	No
3	Household	No	Yes	No	Yes	No	Yes
4	Sock	No	Yes	No	Yes	No	Yes
5	Autocomp	No	Yes	Yes	Yes	Yes	Yes
6	Adda	No	Yes	Yes	Yes	Yes	Yes
7	Leisura	Yes	No	No	No	No	No
8	CombiSys	No	Yes	Yes	No	Yes	No
9	Mecca	Yes	No	No	No	No	No
10	Line	No	No	Yes	No	Yes	No

The variables are defined as follows:

**Table 2: Variables table**

Conditions	Codes	Description
<b>Employability</b>	A	Organizations where affected employees display a high level of employability are coded “Yes”; others are coded “No”
<b>Active union</b>	B	Organizations where unions are active are coded “Yes”; others are coded “No”
<b>Cooperative relations</b>	C	Organizations where labor -management relations are cooperative are coded “Yes”; others are coded “No”
<b>Numeric downsizing</b>	D	Organizations where a numeric downsizing has been implemented are coded “Yes”; others are coded “No”
<b>Redeployment</b>	Y	Organizations where the agreed-upon social compromise comprises an above-mandatory level redeployment package are coded “Yes”; others are coded “No”
<b>Severance pay</b>	Z	Organizations where the agreed-upon social compromise comprises an above-mandatory level severance pay package are coded “Yes”; others are coded “No”

### **III.2. Building the truth table: an overview of the distribution of cases across a property space**

A second step of QCA consists of organizing this constellation of binary variables to form a truth table. A truth table is a two-dimensional matrix listing all the logically possible combinations of causal conditions (also referred to as “configurations”) and presenting their related result (“Yes” denoting the presence of the outcome, “No” the absence of the outcome). In our case, we obtain  $2^4$  or 16 logically possible configurations. We generated two truth tables: Truth Table 1 where “redeployment” represents the outcome, and Truth Table 2 wherein “severance pay” represents the outcome. For example, the first line of Truth Table 1 displays the score “No” for two conditions (employability and numeric downsizing), and the score “Yes” for the outcome. This implies that when these two conditions are absent, the outcome (above-mandatory redeployment solutions) is reached. The truth table also displays

the number of restructuring cases exhibiting the configuration. Two out of 10 cases (Household/Sock) display the first configuration, sharing similarities with regard to the shaping of the social compromise. Thus, the truth table provides a useful overview of how our cases are distributed across the property space. A question mark under the heading “outcome” indicates the presence of logically possible configurations that we did not empirically observe.

**Truth Table 1: 10 cases of downsizing (redeployment)**

Configuration	HRM Practice	Industrial Relations Characteristics		Downsizing type attribute	Outcome	Number of cases	Cases names
	Employability	Active union	Cooperative relations	Numeric downsizing	Redeployment		
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Y</b>		
<b>1</b>	No	Yes	No	Yes	<b>No</b>	2	Household/Sock
<b>2</b>	No	Yes	Yes	Yes	<b>Yes</b>	2	Autocomp/Adda
<b>3</b>	Yes	No	No	No	<b>No</b>	2	Leisura/Mecca
<b>4</b>	Yes	Yes	Yes	No	<b>Yes</b>	2	Phone/Assurancia
<b>5</b>	No	No	Yes	No	<b>Yes</b>	1	Line
<b>6</b>	No	Yes	Yes	No	<b>Yes</b>	1	CombiSys
<b>7</b>	No	No	No	No	<b>?</b>	0	
<b>8</b>	No	No	No	Yes	<b>?</b>	0	
<b>9</b>	No	No	Yes	Yes	<b>?</b>	0	
<b>10</b>	No	Yes	No	No	<b>?</b>	0	
<b>11</b>	Yes	No	No	Yes	<b>?</b>	0	
<b>12</b>	Yes	No	Yes	No	<b>?</b>	0	
<b>13</b>	Yes	No	Yes	Yes	<b>?</b>	0	
<b>14</b>	Yes	Yes	No	No	<b>?</b>	0	
<b>15</b>	Yes	Yes	No	Yes	<b>?</b>	0	
<b>16</b>	Yes	Yes	Yes	Yes	<b>?</b>	0	

**Truth Table 2: 10 cases of downsizing (severance pay)**

Configuration	HRM Practice	Industrial Relations Characteristics		Downsizing type attribute	Outcome	Number of cases	Cases names
	Employability	Active union	Cooperative relations	Numeric downsizing	Severance Pay		
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>Z</b>		
<b>1</b>	No	Yes	No	Yes	<b>Yes</b>	2	Household/Sock
<b>2</b>	No	Yes	Yes	Yes	<b>Yes</b>	2	Autocomp/Adda
<b>3</b>	Yes	No	No	No	<b>No</b>	2	Leisura/Mecca
<b>4</b>	Yes	Yes	Yes	No	<b>No</b>	2	Phone/Assurancia
<b>5</b>	No	No	Yes	No	<b>No</b>	1	Line
<b>6</b>	No	Yes	Yes	No	<b>No</b>	1	CombiSys
<b>7</b>	No	No	No	No	<b>?</b>	0	
<b>8</b>	No	No	No	Yes	<b>?</b>	0	
<b>9</b>	No	No	Yes	Yes	<b>?</b>	0	
<b>10</b>	No	Yes	No	No	<b>?</b>	0	
<b>11</b>	Yes	No	No	Yes	<b>?</b>	0	
<b>12</b>	Yes	No	Yes	No	<b>?</b>	0	
<b>13</b>	Yes	No	Yes	Yes	<b>?</b>	0	
<b>14</b>	Yes	Yes	No	No	<b>?</b>	0	
<b>15</b>	Yes	Yes	No	Yes	<b>?</b>	0	
<b>16</b>	Yes	Yes	Yes	Yes	<b>?</b>	0	

### III.3. Identification of the causal statements

In investigating complex relationships, QCA differentiates between necessary and sufficient conditions. As formulated by Rihoux and Ragin (2009, p. xix): “A condition is *necessary* for

an outcome if it is always present when the outcome occurs. In other words, the outcome cannot occur in the absence of the condition. A condition is *sufficient* for an outcome if the outcome always occurs when the condition is present. However, the outcome could also result from other conditions.” The ultimate objective of QCA is to obtain a minimal causal model displaying the necessary and sufficient condition(s) or combination of condition(s) at the root of the phenomenon. The minimal formula represents the most parsimonious explanation of the phenomenon under study (Ragin and Sonnett, 2004).

Before achieving this result, the researcher, relying on the truth table, lists all the configurations that exhibit the outcome of interest to generate a causal statement. Next, we focus first on the achievement of the outcome “redeployment” before exploring the path to the attainment of the outcome “severance pay”. Consistent with QCA formalization, we used the sign “~” to outline the absence of the condition, and the sign “.” standing for “and” or “combines with”. Truth table 1 provides four different causal statements at the root of the outcome “redeployment”:

[Config 2.]  $\sim A \cdot B \cdot C \cdot D$

[Config 4.]  $A \cdot B \cdot C \cdot \sim D$

[Config 5.]  $\sim A \cdot \sim B \cdot C \cdot \sim D$

[Config 6.]  $\sim A \cdot B \cdot C \cdot \sim D$

These four combinations are all sufficient for achieving the outcome “redeployment”. Yet, since the four identified combinations share common attributes, they can be simplified further.

#### **III.4 Simplification of the causal statements**

The process of simplification (also referred to as “Boolean minimization”) relies on a comparison of the combinations, the identification of commonalities among them and the regrouping of logically redundant attributes or combinations of attributes to achieve

minimized logical formulas. This operation relies on Boolean logic and applies the following reasoning: “if two Boolean expressions differ in only one causal condition yet produce the same outcome, then the causal condition that distinguishes the two expressions can be considered irrelevant and can be removed to create a simpler, combined expression” (Ragin, 1987, p. 93). We worked through the series of operations presented below by hand. In parallel, we used the software fs/QCA v2.5<sup>4</sup> (Ragin, Drass and Davey, 2006) based on Quine-McCluskey algorithm to verify our results. By simplifying the four causal statements, we obtain three reduced formulas.

$\sim A \cdot B \cdot C$ Low employability, active unions and cooperative relations combine to achieve an above-mandatory redeployment package
$B \cdot C \cdot \sim D$ Active unions, cooperative relations and non numeric downsizing combine to achieve an above-mandatory redeployment package
$\sim A \cdot C \cdot \sim D$ Low employability, cooperative relations and non numeric downsizing combine to achieve an above-mandatory redeployment package

### **III.5. Necessary and sufficient conditions**

The condition C (presence of cooperative labor relations) is a necessary condition for producing the outcome “above-mandatory severance pay package” (it is present in all combinations). The outcome is attained only if the attribute is present. Yet, it is not a sufficient condition. (It does not generate the result by itself, but combines with other facilitating conditions to produce it). Following the same reasoning for the achievement of

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<sup>4</sup> Downloaded at fsQCA site: <http://www.fsqa.com>



“above-mandatory level severance pay package”, Truth Table 2 provides two causal statements, listed below:

[Config 1.]  $\sim A \cdot B \cdot \sim C \cdot D$

[Config 2.]  $\sim A \cdot B \cdot C \cdot D$

These two configurations are sufficient for achieving the outcome. Yet, they can be simplified further. By applying the same type of operation followed below, we obtain one simplified logical formula that summarizes all the possible combinations at the root of the outcome “severance pay”.

$\sim A \cdot B \cdot D \rightarrow Z$ <p>Low employability, active unions and numeric downsizing combine to achieve above-mandatory severance pay packages</p>
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The combination of three conditions ( $\sim A \cdot B \cdot D$  – low employability/active unions/numeric downsizing) is *necessary and sufficient* for the achievement of above-mandatory level severance pay. This combination is present every time the outcome is achieved. In other words, the achievement of a social compromise emphasizing above-mandatory severance pays may be allowed by the single arrangement of the three combined conditions.

**IV. DISCUSSION**

**IV.1. Results for severance pay**

The first necessary condition is weak employability of redundant workers. The necessity of this attribute may be explained by the fact that redundant employees with low employability will find it more difficult to obtain a comparable job. Weak employability induces a higher probability that the lay-off will result in unemployment or under-qualified positions for

redundant workers. Consequently, weak employability increases the perceived harm undergone by employees, who will demand higher financial reparation, and their claim will appear all the more justified and legitimate. Moreover, high severance pay for unemployable workers can be seen as a way back to the early retirement scheme that marked French restructuring during the 1980s and 1990s. Indeed, in many of our cases, low employability derives from workers' seniority and severance pay was calculated in such a way that, when added to unemployment benefit, buying power could be maintained until the official pension was accessible. In this way, severance pay is a labor market eviction measure. At the same time, the set-up of a redeployment scheme will appear a less credible solution for workers affected by low employability. This will further prompt employees' representatives to orient their claims towards severance pay rather than towards costly redeployment measures with uncertain outcomes.

The second necessary condition relates to the numerical type of the downsizing. The necessity of this condition supports the notion that numeric downsizing renders the attainment of a social compromise focusing on severance pay more likely. This is especially so because when numeric downsizing is a reaction against a drastically falling market, redeployment within the company, and outplacement, are difficult to achieve, since competitors are probably facing the same kind of dramatic economic issues. On the other hand, if a purely numerical downsizing is not driven by a strongly adverse economic context, the downsizing decision is less easily justifiable. The decision is likely to be perceived as a pure transfer of wealth from labor to shareholders. As the decision is viewed as less legitimate, this may heighten employees' impression of a prejudice that requires reparation

The degree of employability determines the potential efficiency of redeployment measures, which in turn determine the emphasis the parties will give to severance pay. The numerical or non-numerical type of downsizing influences the perceived legitimacy of the

decision and/or the possibility of a successful redeployment process. Nevertheless, the granting of severance pay also requires employees to be sufficiently organized and in a position collectively to demand and obtain what they view as necessary and fair financial reparation. The third required condition emerging from the QCA, which relates to the presence of active unions, is therefore not surprising. More generally, the necessity of this attribute also supports the view that where unions are active, employees are in a better position to demand and obtain a relatively satisfying social package. Active unions thus lead to social compromises relatively more favourable to employees (i.e. more “generous” social packages), which may or not include a high severance pay component depending on the other features of the situation (high or low employability of workers, numerical or non-numerical type of downsizing, cooperative or adversarial social relations). It can also be hypothesized that active unions prevent employers from negotiating contract termination with workers individually. Because French collective redundancy collective procedure is hazardous, many firms tend to bypass collective negotiation. This has two consequences. First these operations remain hidden and fall out the scope of “restructuring” as an empirical observable phenomenon. Second, individual bargaining may lead to inequity among workers, depending on their bargaining power and skills. Active union may then be associated with severance pay-based downsizing when considering only official downsizing procedures.

#### **IV.2. Results for redeployment**

In contrast with QCA for the severance pay outcome, QCA for the redeployment outcome brings only one necessary condition, relating to the presence of cooperative interactions between management and employees’ representatives. In fact, in the same way as the cooperative relations condition is always present when the redeployment outcome occurs, it can be inversely noted that the redeployment outcome always occurs when the cooperative social relations condition is present. This general pattern tends to corroborate our general

assumption, according to which a cooperative relationship between management and employees' representatives makes reaching a social compromise allowing for a significant redeployment scheme more likely. As we noted previously, this kind of social compromise requires a certain level of trust between the parties. This is partly due to the fact that a redeployment scheme implies that the implementation of the social plan agreement will last long after its signing. It is often impossible to specify the final outcome of the social plan at the time of the agreement. Therefore, especially if there is a certain amount of redeployment, as a substitute for severance pay package, employee representatives are more likely to support this kind of measure, believing that the company will be fully committed to the redeployment process. Moreover, when they reach an agreement on redeployment measures, the social partners know they will have to work together to implement the plan. It can therefore be assumed that they will be more disposed to do so if they are used to interact in a cooperative way.

It is possible to expand discussion of this result, highlighting its iterative and creative nature, if the QCA as a heuristic method. Earlier, we described the connection between cooperative relationships and redeployment policies as an instrumental condition: it is necessary to build cooperative relations for redeployment to be efficient. But the causal relation can be discussed reversely: because redeployment was compromised, cooperative relations could be fostered. This statement involves a return to the initial material summarized in the appendix.

The downsizing processes we observed for building the cases are emergent. We cannot claim that there is a decision stage during which organizational and social issues are concluded, preceding implementation. Furthermore, the emergent nature of downsizing processes must be underlined and the cooperative nature of the relationship between negotiators is *per se* a compromise. Indeed, in many of our cases, the downsizing process

starts at a very early stage, when organizational issues are not completely defined: economic or performance issues are evoked (sometimes by the unions themselves) without a clear understanding of the consequences they have for employment. What makes these cases innovative is that social partners sometimes decide, as the result of a short confrontational power demonstration, that any alternative to collective redundancies must be explored first (more precisely, strategic alternatives and internal redeployment). This exploration process requires empathy, trust and common sense making of the business case between negotiators in search of an integrative compromise. Sometimes, this strategy results in a strictly no mandatory layoffs compromise (Assurancia, CombiSys, Line), which explains the absence of severance pay. In other cases this strategy leads to a long-lasting attempt to find gradual solutions for the company and for individuals. During this period, strategic alternatives, such as new markets for production, could be developed and successful transitions toward new employers could be supported. The question of collective redundancies appears much lately in the process when it becomes clear that no more resources can be spent to postpone workforce adjustments. Then, at the latest stage downsizing turns into a more classic scheme, in which severance pay must be conceded to low employability workers (Adda, Autocomp), but not employable ones (Phone).

Exploring further this articulation between severance pay and redeployment on the one hand and between cooperation and redeployment on the other will involve coming back to the QCA iterative process. For example, it may be interesting to modify the code for cooperative relations including a distinction between cooperation during the downsizing process and cooperation before (if it is possible to isolate downsizing and limit it in time). It may also be necessary to distinguish internal redeployment practices (internal mobility, strategic alternative) that limit the scope of redundancies from those that aim to support involuntarily displaced workers. We may then hypothesize that the former are highly acceptable for

workers and contribute to building a cooperative climate, while the latter represent compensation for layoff prejudice and could be bargaining tools for severance pay.

## **Conclusion**

Using the Qualitative Comparative Analysis methodology, we synthesized and articulated the observations we collected from 10 case studies. The purpose was to understand how social compromises can be reached in case of downsizing about redeployment packages or severance pay. First, our results suggest that redeployment cannot be compromised without cooperative industrial relations. Second, above mandatory severance pay is likely to be conceded when workers' employability is low, unions are active and downsizing project is limited to workforce reduction.

Considering the data and the methodology, these results are of an exploratory nature and cannot be stated as being conclusive. Nevertheless, they provide tracks for future research in the field of downsizing and industrial relations. Future research would be improved by looking at downsizing as a process beginning when an economic challenge is met by the company rather than focusing on the precise moment when job terminations are debated. In so doing downsizing is to be understood more as a strategic and industrial change than as a technical problem strictly limited to its HRM and legal dimensions.

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## Appendix 1: Case study presentations

*ADDA* is a medium-sized company that has grown from successive reorganizations of a major clothing group and is now controlled by a single shareholder. In the production site, the work is organized in a Taylorian way and the workforce is mostly made up of women aged between 45 and 50, who were recruited by *ADDA* with no or very few educational qualifications when they were adolescents. Over several decades, union representatives had to fight to have their rights acknowledged by a management that was infused with an authoritative and paternalistic mentality. However, at the time of the downsizing plan described in the case study, relations of mutual respect and recognition had been built up over many years between worker representatives and management through regular dialogue and by honouring the agreements they had signed. This pacified social dialogue underpinned the negotiation process that occurred when *ADDA* had to handle the decision by two major fashion houses not to renew their license agreement, which represented nearly 70% of *ADDA*'s turnover. While discussions between social partners at *ADDA* initially focused on the necessity of closing down the plant, as it had been decided and announced by top management, an 18-month long negotiation process led to an agreement to maintain a production unit in France and to implement a downsizing plan including severance pay (up to 11 months' salary) and outplacement support. Given its industry sector and size, *ADDA*'s plan was particularly generous, comparable to those of big multinational companies. The social plan was innovative in its process and implementation, especially in terms of the outplacement process and the high involvement of stakeholders.

*Assurancia*, a very large multinational company, is emblematic of the insurance sector, characterized by light competition, some bureaucratic organizational patterns and an overall involvement in job security. A double tradition of economic dynamism and social development prevails in the French company. In 2000, after a two-decade period of repeated external growth operations, *Assurancia* faced a crisis in production efficiency. Although the company was economically healthy, it was necessary to improve internal functioning and organization. *Assurancia* chose to redirect its labor toward commercial tasks, leaving administration to an increasingly efficient IT system. Management rejected the idea of collective redundancies for several reasons (difficult to justify in legal terms and excessively costly) and decided instead to concentrate on internal mobility, while letting the workforce reduce through natural attrition. The restructuring plan was formalized in the company's *Cap Métiers* agreement, focused on accompanying workers throughout their professional trajectory (orientation counselling, training, integration into new teams, etc.) and on securing transitions through the preservation of wages and status and a reversibility clause. Four unions out of six signed the agreement. While the union representatives never officially recognized the necessity of the reorganization, all parties acknowledged that entering into formal restructuring patterns would have radicalized the position of the unions and frightened the employees, making them less inclined to accept changes.

*Autocomp* is one of the French plants of an American car part manufacturer located near Paris. It still employs about 400 largely under-qualified first-generation migrant workers, who are nevertheless quite productive as they are constantly training on the job. However, they seldom acquire transferable qualifications. Collective branch agreements are quite generous, including job protection and seniority-based pay, which explains the exceptionally high wages. Industrial relations are traditional French-style confrontational, but workers are very committed and grateful to *Autocomp* because it upgraded them as part of "working aristocracy." In 2002, union representatives realized the plant was declining and pressured management for information. As an attempt to deny any economic threat to the plant, and preserve the immediate social climate, management initially conceded €45,000 severance pay "should redundancies occur." Paradoxically such an amount seemed to legitimize the closure. Social partners then cooperated and agreed upon a long-term training and outplacement program. Finally, the plant was completely shut down by mid-2006 and the employment of 200 workers who could not (or did not want to) be outplaced was terminated. They then benefited from an additional outplacement program.

*CombiSys* is a French state-owned engine manufacturer and vehicle equipment supplier. Ever since it was founded, and despite frequent rescues from its public shareholder, *CombiSys* has experienced great difficulties and substantial financial losses. Several major restructuring plans were initiated over the years, yet the company still operated at lost and had overcapacity. The restructuring plan was part of a more comprehensive revamping program aimed at transforming the manufacturer into an autonomous streamlined group, more adapted to the evolution of its environment and related decreasing industrial commitments. This led to plant closures and the displacement of several thousand workers. However, labor relations in the plants remained harmonious: infused with collectivist values, solidarity and a collective dedication to the accomplishment of good work. Unions at *CombiSys* were strong, well-organized and highly representative. Despite factional disputes among the two most influential unions (CGT and CFDT), industrial relations were described as cooperative and based on reciprocal respect and trust. Historically, CFDT emerged as the lead negotiator, as opposed to its "rival brother" CGT, which continued to pride itself on being the sole "opponent's force" to management's projects. The negotiation

of the social plan took place in a highly tense social climate marked with strikes and production disturbances that last over a year and delayed the plan. Workers strongly rejected the plan and unions pressurized the company to envision alternative industrial solutions, while management refused to reconsider its choices. The social package that was ultimately agreed after a round of bitter negotiations and legal action - all the more generous since CombiSys' public shareholder was particularly concerned not to raise greater discontent among the workers and public opinion, and to put an end to the social unrest. It comprised wide-ranging internal redeployment, accompanied by advantageous compensation pay and other far above-mandatory measures.

*Household* is a medium-sized plant (250 employees) and a subsidiary of an international group in the electrical goods industry, following a buyout in 2001. Its HRM practices are characterized by bargained salary scales, skills training, shift work, and hierarchical communication. From 2001 to 2008, the company has managed downsizing through non-selective and stealth practices leading to around 400 job cuts in the plant. In 2009, the company announced the closure of the factory: the financial and economic equilibrium of the company seemed good, but the top management wanted to rationalize its industrial equipment and decided to relocate all the production forces in the same place, in Italy. The context of global crisis seemed to be an occasion to manage this numerical downsizing decision. At plant level, management strategy was proactive, unions active, and management-employee interactions adversarial. Employees explained how these relationships with managers had deteriorated over a couple of years: working conditions and social climate had become worse. The announcement of the closure have rise to a struggle against it, conducted by employees who felt themselves betrayed, in association with local political players. At the time, employees were described as having fatalistic attitudes to their future. Quickly, industrial action was focused on the negotiation of an amount of severance pay, without any real debate on redeployment conditions.

*Leisuria* is a French chain of retail stores, subsidiary of an important French retailing company. The company originally possessed a corporate culture strongly infused with paternalism and collectivist values, but felt more pressure over the years to align its management systems to the standards of fast moving retail and consumer goods industry. The parent company had been initiating major changes as part of a three-year cost-cutting plan aimed at compensating sales stagnation and improving the subsidiary's profitability. A results-oriented variable pay system had also been introduced in the stores, to foster a more customer-oriented attitude among the sales force. Along with these cost-cutting initiatives, a restructuring plan was announced affecting administrative staff across all the stores, with the objectives of modernizing and centralizing back office services. The social measures essentially comprised internal redeployment, but the criteria used to define which employees were to be affected by the job cuts were obscure and perceived as determined at management's discretion. As a result of the long-prevailing paternalistic tradition, middle management lacked power and internal communication was poor. The organizational climate is dominated by suspicion, distrust and adversarial labor-management interactions. Clearly, negotiation was not the pre-eminent mode of dispute resolution. In the framework of the downsizing plan, the works council and union delegates initiated legal action, alongside demonstrations, that resulted in the suspension of the plan. Only after the court decision was announced, did management agree to enter into a negotiation process. Adjustments were made to the initial social measures, essentially to meet legal criteria.

*Line* is an agricultural cooperative transforming line in a rural area, with 80 employees. Initially, Line was organized into two old plants 20 kilometres apart. A paternalistic vision of management has historically prevailed, with management closely involved in the personal lives of the workers and good quality human relations. From the management point of view, HRM practices were "absent" and characterized by low wages policy and informal communication. In 2006, management decided to renew the production model and to build a new plant that would amalgamate the two former ones. This production merger generated 10% redundancies among the workforce. In Line, management strategy is proactive, there is no union representation, and the management-employee interaction is cooperative. Actually, the management considers the new plant as an opportunity to improve working conditions, develop autonomy at work and improve employees' competencies. It is managed in a participative way with a help of a consultant. In a context of structural and competitive downsizing, management takes time to find individual redeployment solutions for each of the eight people made redundant. This means that each employment contract is breached only when the individual concerned has found a new solution that is evaluated as sustainable. On the other hand, there are no beyond mandatory bonuses when these people are laid off.

*Mecca* is a family-owned company that does electric and mechanical maintenance for big electrical plants, and has 53 employees. A paternalistic vision of management power has historically prevailed, with social and legal conflicts. HRM practices are characterized by arbitrary decisions in the field of compensation, advancement and training. In 2006, the main client of the company decided to modify sub-contracted tasks, causing a reduction in Mecca's activities. As a result, five people were considered to be redundant. At the same time, the company's financial position was good and the company was developing other activities. It might have been assumed that

the five redundant individuals could be at least partly redeployed on these new activities. But management seized the opportunity to redefine the workforce and to get rid of some “vindictive” and “inflexible” employees. Management strategy in Mecca is reactive, unions are inactive, and the nature of management-employee interaction is adversarial. In this context, management tries to minimize the costs of breaching employment contract and the people made redundant are forced to quit or be dismissed, without any bonuses or redeployment services.

*Phone* is an important plant (700 employees) depending on an international company in the telecommunications sector. The company has experienced downsizing and reorganizations for years; redundancies are usually managed through early retirement and redeployment, but also divestment. HRM practices are characterized by manpower planning, skills development, salary scales, and shift work, in the context of a bargained job classification. At plant level, management strategy is proactive, unions are active and management-employee interactions are cooperative. All the local actors, unionists included, insist there is a confident relationship between local management and employees. At the end of the 1990s, faced with severe competition in the telecommunications sector, the group’s top management decided to dispose of its production facilities; in 2003, they decided to cut back both plants and workforce, including the closure of *Phone*. The plant manager rapidly initiated industrial bargaining to find collective solutions. This agreement was aimed at allowing the implementation of a progressive reduction of the workforce at the *Phone* factory. Finally, some of the employees (200) were reemployed through industrial reconversion, another proportion were redeployed within the group (50) and the rest were redeployed externally through an employment safeguard plan judged by the local actors—including employee representatives—to be “*the most powerful, most correct industrial restructuring that I have known.*” Local management’s objective of ensuring a solution for every one of the employees concerned seems therefore to have been achieved.

*Sock* is a unique plant textile company created in 1836, implemented in a rural area and employing 200 persons in 2003. After having been successively managed by two family groups until the 1990s, it became part of a subsidiary sold to a leather goods world leader at the beginning of the decade. A paternalistic, authoritarian vision of management power has historically prevailed. HRM practices were characterized by low wages policy, on-the-job training, arbitrary advancement criteria, quite no professional mobility, and informal communication. Most of the production employees were almost physically attached to their workplace: there was no place for autonomy. In a context of falling sales in 2001, the *Textiles* group made a takeover bid on the former one and made the decision not to keep *Sock* in the group because of *Sock*’s economic difficulties in a declining sector. At that time, the management strategy is reactive, unions are active, and management-employee interactions are adversarial. Employees mistrust managers, because of bad working conditions, inequity in management, and a lot of mistaken production choices: they are described as unmotivated. The first version of the social plan submitted to the joint committee is built economically, devoting few means in particular to redeployment plans. It gives rise to a three months dispute which authorizes a negotiation process on the social plan. Employees mainly claim for better separation bonuses. The last version of the social plan includes a high increase in severance pay amounts and better means of redeployment (training programs, redeployment unit).